



MISSOURI AGRICULTURAL AND SMALL BUSINESS DEVELOPMENT AUTHORITY

1616 Missouri Boulevard
Post Office Box 630
Jefferson City, Missouri 65102-0630

Telephone: (573) 751-2129
Fax: (573) 522-2416
email: masbda@mail.mda.state.mo.us
www.mda.state.mo.us/i11.htm

BEGINNING FARMER LOAN PROGRAM

APPLICATION

(Please print or type all information on this form and complete all questions)

NOTE: APPROVAL OF THIS APPLICATION DOES NOT CONSTITUTE FINAL LOAN APPROVAL. The MASBDA does have a present intention to issue its bond to fund the beginning farmer's loan. However, the MASBDA may refuse to complete loan processing or reduce the permitted loan amount, if, prior to loan closing, it is discovered that the project, in whole or in part, is ineligible for tax-exempt financing or if, due to changes in federal or state law or regulations, the project should become so ineligible. No loan "Finder's Fee" is required by the MASBDA.

FOR OFFICE USE ONLY

MASBDA Project No. _____

Application Rec'd. _____

\$50 Application Fee Rec'd. _____

TO BE COMPLETED BY BEGINNING FARMER

Name _____

Address _____

Telephone () _____ Age (For Statistical Purposes) _____

1. Amount of Loan Request \$ _____

2. Description of anticipated use of proceeds ("Project") - [use additional sheets if necessary]: _____

3. Estimated purchase or construction price of the proposed project: \$ _____

Amount of loan down payment (if any): \$ _____

Please describe the type and sources of financing for the portion of the project costs which will not be covered by the MASBDA loan [please attach additional sheets if needed]:

4. Location of Project:

(a) Give county and township names and section numbers for land, buildings, or other immovable property; for machinery, breeding stock or other movable property give the same information with respect to the headquarters of the beginning farmer's farm operation:

(b) Location by road from nearest town (example - 4 miles north and 3/4 mile west of *Anytown, Missouri* on County Road 251):

- (c) If the project consists of the construction or acquisition of buildings, structures or other immovable property (including remodeling of or additions to existing structures), is the beginning farmer (including spouse or minor children) the sole owner of the land on which the project will be located? ☐ Yes ☐ No

If no, please identify the owner(s) or co-owner(s) of the land, give the Social Security Number(s) or Federal Employer Identification Number(s) of the owner(s) or co-owner(s) and describe the length of any lease which the beginning farmer has on such land (including any renewal options):

5. Dwelling – Does project in part consist of a building which has been or could be occupied as a dwelling and which is intended to be occupied as a dwelling in the future? ☐ Yes ☐ No

If yes, estimated value of the dwelling (including garage or similarly related structures)

\$ _____ ;

estimated value of the remainder of the project (excluding the dwelling, garage and similarly related structures)

\$ _____

If yes, please attach confirming appraisals showing both present fair market value of the dwelling and related structures (excluding the remainder of the Project) and present fair market value of the remainder of the Project (excluding the dwelling and related structures). In exceptional situations when time does not permit these appraisals to be obtained before this application is submitted to the Authority, such appraisals should be submitted as soon as possible thereafter.

NOTE: A DWELLING MAY LIMIT THE ELIGIBILITY OF THE PROJECT FOR FINANCING. Consult the MASBDA before making any offer to buy on a project containing a dwelling.

6. Seller of Project (if known): _____

Seller's Address _____

Relationship to Beginning Farmer, (if any): _____

If relationship is a father, mother, sister, brother or grandparent, please attach appraisal showing present fair market value. In exceptional situations when time does not permit these appraisals to be obtained before this application is submitted to the Authority, such appraisals should be submitted as soon as possible thereafter.

**ANSWER QUESTIONS 7-11 IF YOUR PROPOSED PROJECT INCLUDES THE
ACQUISITION OF AGRICULTURAL LAND.**

7. Have you, your spouse, or any of your minor children ever directly or indirectly owned any land?

NOTE: The following are examples of indirect land ownership:

a) ownership of a beneficial interest in a trust which in turn holds land.

b) ownership of shares in a corporation which owns land.

c) a remainder interest in land which is subject to a life estate in another person ☐ Yes ☐ No

8. If your answer to question 7 is yes, was the land (while you owned it) part of a farm?

NOTE: The term "farm" includes stock, dairy, poultry, fruit, fur-bearing animal and truck farms, plantations, ranches, nurseries, ranges, greenhouses or other similar structures used primarily for the raising of agricultural and horticultural commodities and orchards ☐ Yes ☐ No

9. If your answers to question 7 and 8 are yes, please describe each parcel of land you have owned by its county location, its size, the time period during which you owned it and its maximum fair market value while you owned it (if the ownership is indirect, please also describe the means of ownership and the total amount owned – example, "I have a one-fourth beneficial interest in a trust; the trust holds a total of 200 acres"):

10. If your answer to question 8 is yes, have you, your spouse, or any of your minor children done any of the following:

a) performed physical work on the land? ☐ Yes ☐ No

b) participated in management decisions about operations on the land? ☐ Yes ☐ No

- c) provided regular advice and consultation on the business operations on the land? ☐ Yes ☐ No
d) regularly inspected production activities on the land? ☐ Yes ☐ No
e) directly or indirectly advanced funds or paid a substantial portion of the operating expenses for operations on the land? ☐ Yes ☐ No
f) lived on the land? ☐ Yes ☐ No

If your answer to any of questions 10(a-f) is yes, please describe the degree of your involvement in each activity, the frequency of your involvement and the length of time over which your involvement occurred [use additional sheets if necessary]: _____

11. Will you provide substantially all of the management and labor in the farm operation of which the land to be acquired will be made a part of? ☐ Yes ☐ No

If no, explain who will be providing substantially all of the management and labor and what your role and responsibilities with respect to the farm will be: _____

**ANSWER QUESTIONS 12 and 13 IF YOUR PROPOSED PROJECT INVOLVES
ACQUISITION OF BREEDING OR DAIRY STOCK**

12. Have any of the female animals to be acquired ever given birth or been put to use for dairy purposes by anyone? ☐ Yes ☐ No

If yes, explain _____

13. Have any of the male animals to be acquired ever been put to use for breeding purposes? ☐ Yes ☐ No

If yes, explain _____

**ANSWER QUESTION 14 IF YOUR PROPOSED PROJECT INVOLVES THE ACQUISITION OF PROPERTY
OTHER THAN LAND OR LIVESTOCK (SUCH AS MACHINERY, EQUIPMENT, BUILDINGS
OR OTHER STRUCTURES).**

14. Does any portion of the project consist of "used" property other than land (that is, property which has previously been placed in use for the purpose for which it was designed)? ☐ Yes ☐ No

If yes, explain _____

NOTE: USED PROPERTY IS SUBJECT TO LIMITATIONS AS TO ELIGIBILITY FOR FINANCING. Consult the MASBDA before committing yourself to buy used property.

15. Do you, your spouse or any of your minor children currently hold any interest in any farm partnership, farm corporation or other formal or informal venture? ☐ Yes ☐ No

If yes, describe the joint operation including the names of other parties and their relationship to you, your spouse or your minor children: _____

16. Will you, your spouse or your minor children continue to hold an interest in the above described joint operation after receiving this loan? ☐ Yes ☐ No

Will any portion of the project be used in connection with the joint operation? ☐ Yes ☐ No

If yes, explain _____

17. Do you have any other sources of income besides your present farming or future farming operation? ☐ Yes ☐ No
If yes, briefly describe that income source: _____

18. Newspaper of general circulation in county(s) where project will be located: _____
Newspaper address: _____

TO BE COMPLETED BY LENDER:

1. Current market value/sales price of project to be financed: \$ _____
Which consists of:
a. \$ _____ for land,
b. \$ _____ for improvements,
c. \$ _____ for depreciable assets.
2. Current personal financial statement for beginning farmer, spouse and minor children received? ☐ Yes ☐ No
(Please attach a copy of the financial statement.)
Net worth of beginning farmer (including spouse and minor children) is: \$ _____
3. The projected farm income will be greater than off farm income ☐ Yes ☐ No
4. Application fee (\$50) received and submitted herewith? ☐ Yes ☐ No
5. Current interest rate for a similar loan: _____
6. Proposed loan terms:
a. Interest Rate: Fixed _____ Variable _____
If variable, formula: _____
b. Total Term: _____ years.
c. Repayments: ☐ monthly ☐ quarterly ☐ semi-annually ☐ annually ☐ other (specify) _____
Amounts \$ _____ plus interest _____ ☐ balloon, amount of balloon \$ _____

CERTIFICATIONS OF BEGINNING FARMER

In submitting this application, I, the undersigned eligible borrower, have read the following statements and hereby certify and agree that:

1. I am a permanent resident of the State of Missouri. ☐ True ☐ False
2. The project will be located within the State of Missouri ☐ True ☐ False
3. I have sufficient education, training or experience in the type of farming for which the loan is requested. ☐ True ☐ False
4. The agricultural land and agricultural improvements (if any) to be financed with the proceeds of the loan does not exceed \$250,000 and the depreciable agricultural property to be financed with the proceeds of the loan (if any) does not exceed \$62,500 and the total loan does not exceed \$250,000. ☐ True ☐ False
5. I have been unable to secure financing from conventional sources upon equivalent terms ☐ True ☐ False
6. The project shall be used only for farming by myself or my family ☐ True ☐ False
7. No other person or entity (other than my spouse or minor children) will be a principal user of any part of the project under any formal or informal arrangement or agreement ☐ True ☐ False
If false, please identify the user and describe the part and amount of use of the project: _____

NOTE: Occasional or casual use of part of the project by a neighbor or relative will not make such person a principal user; however, a person who is leasing the land to the beginning farmer, or is a co-owner of such land, upon which any immovable portion of the project is being constructed may be considered a principal user of the project under federal law.

8. None of the proceeds of the loan shall be used for the refinancing or restructuring of any existing indebtedness in whole or in part, working capital, operating purposes or for inventory supplies ☐ True ☐ False
9. My net worth and that of my spouse and minor dependent children (if any) determined by the Lender according to generally accepted accounting principles, is less than \$200,000. My personal financial statement and that of my spouse and children (if any) submitted to the lender in connection with this application, is true, correct and complete. ☐ True ☐ False

10. I have or will have access to adequate working capital, farm equipment, machinery or livestock and land . . . ☐ True ☐ False
11. I agree that the loan may not be assumed by another person without prior approval of the lender and the Authority and then only if the purchaser of the property is an eligible application for an authority loan. I presently plan to retain the property financed by the loan for the term of the loan; however, I understand that equipment and other depreciable property may be exchanged or traded in on similar property, and other property such as breeding livestock may be added or substituted as collateral at the discretion of the lender without prior approval of the Authority. I also understand the benefits of the loan, made at the tax-free rate from the proceeds of an Authority bond, must be retained by myself, and no person to whom the property is traded or otherwise transferred may obtain the benefits of the Authority loan ☐ True ☐ False
12. Neither I nor any related person (as described below) have commenced any acquisition or construction of any part of the project to be financed with the proceeds of the loan, and neither I nor any related person have entered into any contract or purchase agreement, installment or otherwise, in connection with the construction or acquisition of the project or any part thereof, or commenced on-site work in connection with the construction of the project or any part thereof of off-site fabrication or acquisition of any portion of the project. "Related Person" as defined in section 103 (b) (6) (C) of the Internal Revenue Code includes, among others: a father, mother, brother, sister, grandparent, grandchild, or spouse, or a partnership or corporation in which the applicant together with any of the foregoing relatives have more than a 50 percent interest ☐ True ☐ False
13. I am not acquiring the project directly or indirectly from a related person. If this property is being acquired from a related person, I am acquiring the project at fair market value and the related person, subsequent to my acquisition of the property, will have no financial interest in the project to be financed with the proceeds of the loan ☐ True ☐ False
14. I understand that a related seller may not have a financial interest in the farming operation with respect to which the bond proceeds are to be used and that the proceeds of the bonds may not be re-transferred from the seller(s) to myself, my spouse or a minor child of mine as part of efforts to transfer both property financed with the bond proceeds and the bond proceeds received by the related seller (For purposes of this statement, a related seller will not be treated as having a financial interest if the related seller: ☐ True ☐ False
(a) has no more than a ten-percent interest in the capital or profits in a partnership comprising the farm;
(b) has no more than a ten-percent stock interest in a corporation comprising the farm;
(c) has no more than a ten-percent of the beneficial interest in a trust comprising the farm;
(d) is not a principal user of the farm; or
(e) has no other director indirect ownership or use of the farm which has as a principal purpose, the avoidance of this provision.)
15. I have prepared and delivered the application for a loan to be funded with the proceeds of the Authority's bond (if and when issued by the Authority) for the purpose of accomplishing the governmental purposes set forth in Chapter 348 RSMo, as amended. All of the information I have provided in this application is true and complete. ☐ True ☐ False
16. I understand and agree that an application fee shall be submitted with this application and that a loan closing fee shall be submitted to the Authority at the time of loan closing; such fees are to be used for expenses associated with the administration of the Beginning Farmer Loan Program ☐ True ☐ False
17. Neither I, my spouse or minor children nor any related person to us, as defined above, has (1) previously received tax-exempt financing from the Authority or any other source for any project or (2) been an owner or a principal user at any time of any other project or facility located anywhere which has been financed with tax-exempt industrial development bonds ("IDS's), except for the following (describe project or write "None"):

☐ True ☐ False
18. If any other principal user of any part of the project is named in point 7 or any lessor or co-owner of land upon which part of the project will be constructed is named in point 4 (c) of the first part of this application, then to the best of my knowledge, neither such users, lessors or co-owners nor any related person to them, as defined above, have been an owner or a principal user at any time of any other project or facility located anywhere which has been financed with tax-exempt industrial development bonds ("IDB's), except for the following (describe project or write "None"):

☐ True ☐ False
19. I authorize the Authority to release information regarding the description of the property to be financed to the extent necessary to comply with legal requirements for processing the loan application.

SIGNATURE OF BEGINNING FARMER

DATED

CERTIFICATIONS OF LENDER

The undersigned Lender has read the following statements and hereby certifies that:

1. The lender is qualified in the State of Missouri to originate and service loans and is a "lender" as defined in Chapter 348 RSMo as amended.
2. The lender has not been to the best of the undersigned's knowledge listed on the "supervised list," "watch list," "problem list," or any similar supervisory list maintained by any regulatory authority having jurisdiction over it within the past three years and is not operating or subject to a cease and desist order or a written agreement with any federal or state regulatory agency having jurisdiction over it with regard to its financial condition or operations.
3. The eligible borrower is an "eligible borrower" as defined in Chapter 348 RSMo, as amended.
4. The agricultural land and agricultural improvements (if any) to be financed with the proceeds of the loan does not exceed \$250,000 and the depreciable agricultural property to be financed with the proceeds of the loan (if any) does not exceed \$62,500 and the total loan does not exceed \$250,000.
5. The net worth of the eligible borrower, his or her spouse, and minor dependent children (if any) in the best judgment of the lender on the date hereof is less than \$200,000 as shown by the personal financial statement of the eligible borrower, which has been prepared by the lender according to generally accepted accounting principles.
6. The eligible borrower, his or her spouse and minor dependent children (if any) in the best judgment of the lender on the date hereof has not at any time had any direct or indirect ownership interest in substantial farmland in the operation of which such individual materially participated. The term substantial farmland means any parcel of land unless the parcel is smaller than 30 percent of the median size of a farm in the county in which such parcel is located and the fair market value of the land did not at any time while held by the individual exceed \$125,000.
7. The eligible borrower has presented evidence satisfactory to the lender that the eligible borrower is unable to obtain credit on equivalent terms from conventional sources without participation by the Authority.
8. The eligible borrower has exhibited to the satisfaction of the lender that the eligible borrower has sufficient education, training or experience for the anticipated farming operation.
9. The eligible borrower has presented evidence to the satisfaction of the lender that the eligible borrower has access to adequate operating capital, farm machinery, livestock and agricultural land for the anticipated farming operation.
10. The eligible borrower is not acquiring the project directly or indirectly from a related person. "Related person" as defined in section 103 (b) (6) (C) of the Internal Revenue code includes, among others: a father, mother, brother, sister, grandparent, grandchild or spouse, or a partnership or corporation in which the applicant, together with any of the foregoing relatives, have more than a 50 percent interest. The acquisition shall not be treated as an acquisition from a related person if the acquisition is for fair market value of the land or property, and subsequent to such acquisition, the related person does not have a financial interest in the farming operation with respect to which the proceeds of the loan are used.
11. All of the proceeds of the loan will be used for the acquisition, construction, reconstruction, equipping and installation of land, or property of a character subject to the allowance for depreciation under section 167 of the Internal Revenue Code.
12. To the best of the lender's knowledge, each of the certifications of the eligible borrower set forth in this application is true and correct.
13. The proceeds of the loan will not be used to provide working capital or finance inventory, supplies or other operating expenses for the eligible borrower or any related person, and none of the proceeds of the loan will be used to refinance or restructure any portion of existing indebtedness.
14. The lender requests the authority to issue and sell its bond to the lender for the purpose of financing the project to the extent thereof.
15. The application has been received and is being processed in accordance with the governmental program established by the Authority and complies or will comply with the requirements of federal and state law and the Authority's administrative rules.
16. The interest rate on the loan is less than the prevailing rate on comparable loans of the lender as of the date of this certificate. The prevailing rate is the rate announced by the lender from time to time upon comparable loans.
17. The lender has not on the date hereof, and shall not prior to the Authority adopting a resolution of intention to issue a bond for the purpose of financing the project, finance or otherwise advance monies to the eligible borrower or any related person in connection with the project.

Name of Participating Lender_____

Signature of Official of Lending Institution _____

Title of Lending Official _____

Address of Lending Institution _____

Telephone Number of Lending Institution _____

DATE